

Minutes of the Waukesha County Finance Committee

Wednesday, August 19, 2015

Chair Heinrich called the meeting to order at 8:15 a.m.

Present: Supervisors Jim Heinrich, Duane Paulson, Richard Morris, Bill Zaborowski, Eric Highum, Larry Nelson. **Absent:** Steve Whittow.

Also Present: Chief of Staff Mark Mader, Building Operations Manager Shane Waeghe, Construction Project Supervisor Jeff Lisiecki, Inspector Jim Gumm, Business Manager Lyndsay Johnson, Financial Analyst Joshua Joost; County Board Supervisors Kathleen Cummings, Dave Swan, and Christine Howard; Citizens Mary Emery and James Dennistin, UW-Extension Director Jerry Braatz, Senior Financial Analyst Steve Trimborn, Principal Assistant Corporation Counsel Eric Weidig, Public Works Director Allison Bussler, Parks & Land Use Director Dale Shaver, Airport Manager Kurt Stanich, CDBG Coordinator Kristin Silva, Solid Waste Supervisor Rebecca Mattano, Real Estate Broker Mike Judson, Land Resources Manager Perry Lindquist, CJCC Coordinator Rebecca Luczaj, Principal Financial Projects Analyst Bob Ries, Budget Manager Linda Witkowski, Budget Specialist Bill Duckwitz, and Business Services & Collections Manager Andy Thelke. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of July 22

MOTION: Paulson moved, second by Nelson to approve the minutes of July 22. Motion carried 6-0.

Schedule Next Meeting Date

- September 2

Chair's Executive Committee Report of August 17

Heinrich highlighted the following items discussed at the last Executive Committee meeting.

- Reviewed the scope for the Collections Division audit.
- Approved ordinances 170-O-047 and 170-O-046 and Resolution 170-R-002, also on this agenda.
- Approved the RFP committee recommendation for the former Human Services Building, also on this agenda.
- Heard standing committee reports.

State Legislative Update

Heinrich said Legislative Policy Advisor Sarah Spaeth had reported that she is working with Federated Library Director Connie Meyer to get a bill passed pertaining to library board membership.

Contract Procurement Process for Architectural and Engineering Services for LEC Mechanical Upgrades (Capital Project 201413 – Law Enforcement Center Mechanical Upgrades)

Waeghe advised the contract was awarded to Harwood Engineering Consultants, Ltd., the highest rated proposer, for a total cost of \$56,200. The budgeted amount is \$220,000. Four vendors submitted RFPs for consideration.

MOTION: Zaborowski moved, second by Morris to approve the contract procurement process for architectural and engineering services for LEC mechanical upgrades, Capital Project 201413. Motion carried 6-0.

Ordinance 170-O-048: Amend The Sheriff's Department 2015 Budget For The Expenditure Of Office Of National Drug Control Policy Cooperative Agreement Funds

Gumm discussed this ordinance which allows the department to accept Office of National Drug Control Policy cooperative agreement award funds totaling \$50,063. The 2015 adopted budget included \$9,660 of Milwaukee High Intensity Drug Trafficking Area (HIDTA) grant funds. The funds are planned to be used for overtime and corresponding benefits (\$10,440) and the purchase of surveillance equipment (\$26,463) and Cellbrite software licensing and a money counter maintenance agreement (\$3,500). This ordinance further authorizes the department to appropriate the remaining \$40,403 of non-appropriated cooperative funds to be spent on staff overtime and equipment. These purchases support HIDTA investigation and enforcement activities which includes Waukesha County. There is no direct tax levy impact from this ordinance.

MOTION: Nelson moved, second by Paulson to approve Ordinance 170-O-048. Motion carried 6-0.

Fund Transfer 2015-1200-01: UW-Extension – Transfer Funds from Operating Expenses to Personnel Expenses

Braatz advised the department is requesting a fund transfer of \$13,200 to cover costs associated with personnel expenses mainly due to employee health plan changes and allowing part-time staff to work additional hours for the remainder of 2015. They are projecting operating expenses to be about \$20,500 under budget at year-end mainly due to the vacancy of a 4-H educator position and underspending in general office supplies and travel costs.

MOTION: Highum moved, second by Zaborowski to approve Fund Transfer 2015-1200-01, UW-Extension. Motion carried 6-0.

Ordinance 170-O-046: Authorize Waukesha County University Of Wisconsin Extension Office To Accept And Appropriate The City Of Waukesha Funding For The Main Street Construction & Energy Efficiency Projects

Braatz discussed this ordinance which authorizes UW-Extension to accept City of Waukesha funds totaling \$22,800. He indicated \$15,000 will be used for an energy conservation education program for residents of the Phoenix Heights Neighborhood Revitalization Area and \$7,800 will be used to conduct a business educational outreach program on West Main Street. This ordinance modifies the 2015 UW-Extension budget by appropriating an additional \$20,697 in operating expenditures and \$2,103 in interdepartmental expenses and increasing other revenue by \$22,800. This ordinance has no direct impact on 2015 tax levy.

MOTION: Nelson moved, second by Paulson to approve Ordinance 170-O-046. Motion carried 6-0.

Ordinance 170-O-047: Authorize Waukesha County University Of Wisconsin Extension Office To Accept And Appropriate The ProHealth Care Donation For The Tower Hill Project

Braatz discussed this ordinance which authorizes the department to accept a \$20,000 donation from ProHealth Care. The funds will be used to operate a summer horticulture program, a nutrition education program, and a financial literacy program in the Tower Hill Neighborhood of the City of Waukesha. The ordinance modifies the 2015 UW-Extension budget by appropriating an additional

\$17,196 in operating expenditures and \$2,804 in interdepartmental expenses and increasing other revenue by \$20,000. This ordinance has no direct impact on 2015 tax levy.

MOTION: Paulson moved, second by Nelson to approve Ordinance 170-O-047. Motion carried 6-0.

Public Comment

James Dennison spoke against demolishing the old Human Services building and hoped it would be made into something positive such as senior housing and that additional parking could be provided.

Howard, a member of the Request for Proposal (RFP) evaluation committee for the former Human Services building, spoke in support of the evaluation committee's decision to reject the sole proposal submitted by Gorman & Company because they felt it was incomplete. Answering Paulson's questions, Howard felt the committee was fair. Gorman was given a lot of extra time, they changed the scope of the project, and questions remained unanswered even after the final interview. She believes the RFP process was followed correctly. Howard noted that underground parking is not an option and given our sometimes harsh climate, she did not believe the building would be conducive as a senior housing facility.

Emory spoke against demolishing the old Human Services building and said developers felt discouraged by the RFP and that the County was not serious about selling the building.

Cummings spoke against demolishing the old Human Services building and using taxpayer dollars for additional parking stalls for the new Human Services building. Also, she did not believe the space would be needed for future County campus expansion. She also spoke of historic preservation issues, easements, a need for more senior housing, and concerns with the RFP process.

Swan spoke in support of the RFP committee's decision to reject the proposal due to what he described as having too many "holes." He supports demolishing the old Human Services building.

Request for Proposal (RFP) Committee Recommendation for the Former Health & Human Services Building

Bussler explained an RFP was issued at the direction of the County Board for the sale and development of the former Human Services Building. Despite the RFP being sent to all known developers in the area and a deadline extension, no questions were submitted and only one proposal was received and that was by Gorman. The RFP Committee is recommending that the County not move forward with this project. The respondent's proposal and subsequent clarifications did not fully support this as a viable project for County interests. The committee did not receive enough information from the respondent to evaluate how their proposal fit into the County's campus and surrounding neighborhood, what their definitive access plans were, how they would maintain the historic aspect of the building, the total impact on parking which is already problematic, the size/scope of the proposed property acquisition, or even the cost impact on the County to carry out their proposal. Bussler and Greco discussed these issues in detail.

Bussler noted Gorman admitted to not submitting a best possible proposal. They did not want to invest a lot of time and money into the proposal due to its controversy and uncertainty. They had said more than once they "could take it or leave it." They submitted a purchase price of \$400,000 but indicated that any parking or access costs would be deducted from that purchase price. A third party appraisal of the building came in at \$1.3 million. The County would save up to \$1.8 million by avoiding demolition of the historic portion of the building. However, if the County needs to purchase nearby

land to consolidate the campus in the future, acquisition costs are estimated at about \$2 million. By putting the property back on tax rolls, the County would realize about \$4,000 in additional taxes annually. However, if the County would need to purchase additional land in the future, that would come off the tax rolls and would basically be a wash. Paulson felt the process was fair and it was followed correctly and at the direction of the County Board. Nelson asked a series of questions as to what issues could be resolved and what could not pertaining to access, parking, campus fit and architectural planning/costs, tax credits, and the cell tower contract. Heinrich did not believe Gorman should have been allowed more time to resolve these issues as it would have compromised the integrity of the County's RFP process.

MOTION: Morris moved, second Paulson to approve the recommendation of the RFP Committee and that the County does not move forward with the project. Motion carried 5-1. Nelson voted no.

Resolution 170-R-002: Authorize Negotiation Of New Fixed Base Operator Agreement Between Atlantic Aviation And Waukesha County

Stanich and Bussler were present to discuss this resolution which authorizes a variation from normal purchasing policy allowing County staff to negotiate a new Fixed Based Operator (FBO) Agreement with the current FBO, Atlantic Aviation, Inc., prior to the October 2018 expiration of the current service agreement. This is in light of Atlantic Aviation's expressed willingness to make significant investments in building infrastructure. The anticipated additional revenue will aid the Airport in eliminating County Tax Levy funding in five to ten years. Bussler said Atlantic Aviation is a nationally known high quality service provider and has been a great fit for the airport and airport users.

Cummings questioned, rhetorically, why it was okay to change the County's RFP process for this issue but not for the RFP process for the old Human Services Building (discussed above).

MOTION: Paulson moved, second by Morris to approve Resolution 170-R-002. Motion carried 6-0.

Ordinance 170-O-042: Execute Subgrantee Agreements And HUD Grant Agreement For Community Development Block Grant (CDBG) And Home Investment Partnership (HOME) Programs For The 2016 Program Year

Silva discussed this ordinance which authorizes the County Executive to execute agreements with the Federal Government to accept up to \$2,937,953 of CDBG (\$1,790,160) and HOME (\$1,147,793) grants and program income. If the Federal Housing and Urban Development (HUD) funding allocation awards are less than the estimated amount, the CDBG and HOME Consortium Boards will make appropriate reductions to subgrantee grant amounts and send a notification of any decreases to the Finance Committee. Expenditures will be limited to the amount of the HUD award notifications. All subgrantee agreements for projects will include clauses providing for grant funding decreases if necessary. If the final Federal appropriation amount is greater than the estimated amount of \$2,937,953 an ordinance to appropriate the additional funding be forwarded to the County Board for consideration. This ordinance has no direct tax levy impact.

MOTION: Paulson moved, second by Nelson to approve Ordinance 170-O-042. Motion carried 6-0.

Ordinance 170-O-043: Approve Sale Of Waukesha County's Old Materials Recovery Facility (MRF) Building In The City Of Waukesha

Mattano provided history and discussed this ordinance which approves the sale of the old County-owned MRF to One Sorce Properties, LLC for \$1,100,000. The property is no longer needed due to participation in a cooperative agreement with the City of Milwaukee to process materials at a single

sort facility. The cost to make the property available for sale was approximately \$44,000. In addition, the broker's 5% marketing fee will be about \$55,000 for a total cost of about \$99,000. The revenue from this sale will be recognized in the MRF enterprise fund. Future County Board action would be required to appropriate any portion of it for expenditure.

Mader asked staff to explain, in the event it comes up on the County Board floor, why the \$1.1 million will go into the MRF Enterprise Fund and not used for tax relief. Mattano said the fund pays for the program costs and is needed to run an efficient recycling program. More importantly, it has to hold a certain balance to provide the dividends and the subsequent financial assistance agreed upon via intergovernmental agreements.

MOTION: Paulson moved, second by Highum to approve Ordinance 170-O-043. Motion carried 6-0.

Update on Alcohol Treatment Fees and Revenue Goals

Luczaj discussed her report titled "Alcohol Treatment Court Program Fee Revenue Summary, 2009-2015." Revenues at the end of June, 2015 totaled \$21,152, or 83% of the total revenue target for the year (\$25,580). The current caseload is 28 and there is a capacity of 40 to 45. Luczaj noted the fee model is based on ability to pay and was implemented in 2009. In January of this year a new risk assessment tool was implemented which identifies if an offender is at low, medium, or high risk to reoffend. Only those individuals considered high risk are being enrolled in this program. Luczaj discussed the high level of services and resources and the cost of running this program. It is not conducive to provide the program to low risk individuals who will likely self-correct on their own. Because low risk offenders are not eligible the program, staff are projecting to meet or exceed revenue goals at year-end.

Highum said the program is justified and is substantially taking care of itself which is a positive. Answering Heinrich's question, Luczaj indicated about half of the current participants are third OWI offenders and half are fourth OWI offenders.

MOTION: Paulson moved, second by Highum to accept the update on Alcohol Treatment fees and revenue goals. Motion carried 6-0.

Investments Report for Six Months Ended

Ries discussed his report which included information on valuation at cost, valuation at market, total investment income and investment balances, and the County's portfolios. The total return for the quarter was up 8 basis points from last quarter, to 0.32%. The main factor contributing to the increase was the significant improvement in the return on the US Treasury Inflation Protected (TIP) Securities in the Dana and Galliard portfolios which saw an increase of \$106,785 in par value adjustments based on the Consumer Price Index. For the year ending June 30, 2015, the overall portfolio returned 1.41%. Total interest earnings for the quarter were \$566,038, up \$133,781 from the first quarter due largely to the increase in par value adjustments on the TIPS. An increase of \$9,589 in realized gains on the sale of securities was also a contributing factor. The total investments balance at the end of the second quarter was \$177,084,997.

Highum suggested lobbying the State to amend the Statutes and allow the County, which is triple A rated, to invest money into what he referred to as more lucrative yet safe investments. Ries talked of Orange and Walworth counties, etc. whose riskier investments turned out less than positive for the taxpayers. Zaborowski agreed with Highum and said he brought up this issue a couple years back.

MOTION: Paulson moved, second by Highum to accept the investments report for six months ended. Motion carried 6-0.

Special Revenue Funds and General Fund Report for Six Months Ended

Witkowski reviewed the second quarter Special Revenue Funds report as outlined. As of six months, all funds reported are projected to finish the year with overall favorable results. The Transportation fund is projected to be \$361,400 below budget mainly related to expenditures that are expected to be lower than budget by \$347,300. This is mostly due to lower personnel costs estimated to be about \$180,000 below budget largely due to vacancy and turnover. Also, operating expenses are estimated to be about \$100,000 below budget mainly due to lower municipal salt sales, partially offset by higher county salt use. In addition, lower fuel costs of about \$135,000 are partially offset by estimated Central Fleet vehicle repair and maintenance charges above budget by \$50,000. Tarmann fund 2015 expenditures are estimated to be \$367,000 below budget and revenues are estimated to be \$290,250 above budget. Expenditures include \$489,000 for properties that department management has purchased. The remaining estimated expenditures of \$30,000 consist of related land acquisition costs. The Aging & Disability Resource Center (ADRC) may require a fund transfer from operating expenses to personnel prior to year-end.

Witkowski reviewed the second quarter General Funds report as outlined. As of six months, total General Fund expenditures are at about \$69.9 million or 42.6% of the total modified expenditure budget versus expenditures for the same period in 2014 at \$70.2 million or about 44.8% of total 2014 actual expenditures. Expenditures are lower than the prior-year by about \$270,000. This includes lower heating costs for Public Works and lower personnel costs associated with Wisconsin Retirement System contributions for the Sheriff. Operating revenues achieved during the first six months of 2015 are at \$34.5 million or about 42.8% of the modified revenue budget versus about \$34.1 million or approximately 41.1% of revenues recognized for the first six months of 2014. Revenues are higher than the prior year by about \$340,000 including higher revenues for the Register of Deeds due to higher real estate activity. At this time, overall year-end results are projected to be close to about \$880,000 favorable. Investment income in the Treasurer's Office is projected to be lower than budget by about \$1.6 million as interest rates continue to be low. Also, the Sheriff's Department is estimated to finish unfavorable by about \$208,000 largely due to lower process serving and Huber prisoner revenues. Offsetting favorable results for year-end 2015 include Health and Human Services of about \$1.5 million mainly due to a combination of position vacancy and turnover savings and higher state and federal funding. Other major favorable variances are estimated in the Clerk of Courts by about \$190,000, Public Works by about \$180,000 and Parks and Land Use by about \$145,000. Fund transfers may be requested for the Medical Examiner and UW-Extension offices. A contingency fund transfer may also be requested for Emergency Preparedness. The Department of Administration will continue to monitor major budget items for the remainder of 2015 and work with departments to ensure favorable General Fund results at year-end.

MOTION: Nelson moved, second by Morris to accept Special Revenue Funds and General Fund reports for six months ended. Motion carried 6-0.

Status Report on the Contingency Fund for Six Months Ended

Witkowski referred to the report and indicated there were no transfers from the Contingency Fund during the first six months of 2015. The fund balance was listed at \$1,200,000.

MOTION: Paulson moved, second by Highum to accept the status report on the Contingency Fund for six months ended. Motion carried 6-0.

Capital Projects Status Report for Six Months Ended

Duckwitz reviewed the 2015 six month status report on capital projects as outlined including project title, current appropriations, expenditures, balances and percent complete for design, bid, and construction. No major concerns were raised.

MOTION: Nelson moved, second by Morris to accept the capital projects status report for six months ended. Motion carried 6-0.

Collections Report for Six Months Ended

Thelke reviewed his report titled "Collections Division Delinquent Collection/Referral Analysis: Six Month Report." Total six month collections decreased 1.0% from 2014 and increased 8.7% from 2013. Tax intercept collections totaled \$1,132,542 through June 30, 2015 versus \$1,447,387 though June 30, 2014. A total of 5,146 tax intercept payments were received on accounts in 2015 compared to 6,225 in 2014. Total 2015 collections retained by the County for six months ended was \$1,629,993. The division serves the County plus 54 municipal entities. Thelke noted Human Services referrals will continue to go down as the backlog, for the most part, has been eliminated. Answering Paulson's question regarding Human Services collections, Thelke said he will be appearing before this committee prior to year-end to discuss write-offs.

MOTION: Paulson moved, second by Morris to accept the collections report for six months ended. Motion carried 6-0.

MOTION: Paulson moved, second by Highum to adjourn at 12:00 p.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary